



Patent Application of

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For

ADDRESS BILLING SYSTEM

BACKGROUND OF THE INVENTION

This invention relates to ~~an anti-fraud billing system that uses one's address and telephone number for its numbers the~~ prevention of online credit card fraud.

Background-Description of prior Art

Banks and credit card issuers commonly supply consumers with credit cards. Cards to be used at home, on the phone or online and in the mail. As more people use their cards more and more credit card numbers are being stolen. Thereafter, inventor have tried to create fraud proof credit cards. U.S. patent 5,259,649 to Shomron (1993) discloses a complex looking credit card, which can prevent fraud ~~one telephone ordres only however, the problems with credit card fraud is far greater than what this card covers in some situations, but this card is not fraud proof.~~

~~A perfect example of todays credit card problems:
Two 18 year old British men were arrested by the FBI, after stealing millions of dollars worth of credit card numbers. The men allegedly hacked into a e-commerce web site, a total of nine sites were hit by the hackers. The FBI said the theft involved credit card information from more than 26,000 accounts. Losses could exceed 3 million authorities said. Most credit card customers find themselves less in danger from credit card theft as card issuers cap fraudulent charges at \$50. Merchants however have no such protection if stolen card numbers are used to purchase goods.~~

~~According to a recent survey by the computer security institute, 273 businesses reported over a quarter-billion dollars in losses related to computer hacking in the year 2002. The U.S. patent 5,259,649 to Shomron (1993) cannot prevent any of the above problems for occurring. Furthermore, this card is not fraud proof. The only protection this card has, is when it is lost or stolen. If it is lost or stolen, you won't know which numbers to use. But when it is used on the phone or on-line, etc, you can see the right numbers to commit fraud. This card is only creating a false sense of security.~~

In late 1998 Over forty million dollars, and around 900,000 victims across 22 countries have been victim to the biggest credit card fraud ever. Fraudulent credit card transaction generated using adult web site merchant accounts. A fascinating story this type of fraud has been going on for years. Criminal merchant account holders in collaboration with shady banks and transaction processors. It's an old story that predates the Internet.

What's new is the ability to run this scam across the entire world, and attack hundreds of thousands of victims in a very short period of time. The Internet has given old scams new legs. It has exposed the smoldering weaknesses in our credit card processing system. JK Publication ran a sizeable fraud, somewhere in the range of \$40-50 million dollars, distributed across 900,000 credit cards, their merchant accounts had a chargeback rate 100 times the national average; each time a merchant account was closed by the credit card companies, they opened a new one. According to L.A. Times story reporting on FTC investigations, CP bank sold Ken Tares about 900,000 credit

card numbers that he allegedly used to run up \$45.7 million in mostly bogus charges against consumers worldwide. Apparently the bank made millions processing credit card transactions for adult industries. There are some pretty crooked banks out there. Prosecution for this type of fraud is rare. Visa/Mastercard, who have the ultimate authority are not coordinating anti-fraud activities and are not providing the technology for a better transaction system. The thieves are guilty, but they're playing on a weak system. According to Visa & MasterCard, 22 million fraudulent credit card transaction occurred either online or offline of an estimated total of 25 billion transactions combined.

in late 2004 Holders of more than 40 million credit cards are vulnerable to financial fraud because their credit card information was stolen from an Arizona Company that processes transaction for Visa, Mastercard, American Express and Discover. A computer hacker infiltrated the network of Cardsystems Solutions Inc. The theft is by far the biggest in a recent stream of security breaches and mishaps that have raised questions about whether the financial and personal data of cardholders and bank account holders is safe with the corporations and government entities that store it in databases.

Avivah Litan an analyst for Gartner Research who advises merchants and banks on Internet security and fraud. Mr. Litan said the thieves can sell the card numbers for \$200 million to \$350 million. 13 million Mastercard accounts compromised, 22 million Visa accounts compromised, one billion estimated cost of replacing 40 million credit cards.

The use of credit cards originated in the United States during the 1920s, when individual firms, such as oil companies and hotel chains, began issuing them to customers. However, references to credit cards have been made as far back as 1890 in Europe.

Today it is easy to commit fraud against credit cards, because one key factor has not changed in over one hundred years, and it is the root of the problem. Today if a person goes to a financial institution and completes a credit card application the institution will enter the person's information into a first computer database, which is connected to another database that will issue a random set of approved credit card numbers. The person's name is manually typed into this database. This procedure is the reason credit card fraud exists today, and the banks and credit card companies do not know how to solve the problem. In 2005, credit card fraud cost the U.S. 60 billion in losses. If the U.S. continues to issue credit cards that have numbers that are meaningless, and selected at random, the country could suffer over a trillion dollars in losses, over a 20 year period. The Visa MasterCard transaction system was designed for traditional transactions of physical goods with a physical vendor and a physical card. Mail order stretched that system, but e-commerce blows it wide open.

The sad misconception for the credit card companies that feel the solution to this problem lies with spending billions of dollars developing some form of major technology or hardware. Hardware to solve the problems, change the card numbers and the problems are solved.

Objects and Advantages

Accordingly, several objects and advantages of the present invention are:

- (a) A credit card billing system that can be kept in plan view, without worry of it being stolen.
- (b) A credit card billing system that will allow merchants to safely ship thousands or millions of dollars in merchandise with confidence.
- (c) A credit card billing system that merchants will not have any fraud charge backs with.
- (d) A credit card billing system that has numbers that cannot be stolen.
- (e) A credit card billing system that will make people feel good and safe, about shopping at home.
- (f) A credit card billing system that is 100 percent fraud proof.
- (g) A credit card billing system that protects the bank, the merchant, and the ~~customer consumer~~.
- (h) A credit card billing system that solves every credit card fraud problem in existence, without the use, or development of any major technology.

Further objects and advantages are to provide the merchant with valuable information. The address billing system can do so just by looking at its numbers. Such as, it verifies a person's mailing address, and it verifies a person's telephone number. The value customer data can protect a merchant against identity theft numbers.

BRIEF SUMMARY OF THE INVENTION

A billing system that is of the utmost simplicity, ease of use. While at the same time, being highly effective in preventing misuse of the billing systems numbers. The numbers from the system are a built-in security feature. When this billing system is used online or on the telephone, and in the mail, the merchant will know right away if someone is trying to commit fraud. This system uses a ~~person's~~ consumer's address and telephone number for its numbers as a fraud detection system.

DETAILED DESCRIPTION OF THE INVENTION

~~A billing system that is of the is of the utmost simplicity, ease of use. While at the same time being highly effective in preventing misuse of the systems numbers. This system has a built in security feature, when the system is used on line or in the mail, and on the telephone, the merchant will know right away if someone is trying to commit fraud. The numbers from the system are what makes the system unique and fraud proof. The system uses the actual numbers from a person's mailing address and telephone number.~~

The present invention presents a process that is identical to today's procedures, with one key difference, selective credit card numbers. The use of particular numbers, and the common procedure of entering numbers into a computer database is what makes this system 100% fraud proof.

A person will go to an institution and complete a credit card application to receive a credit card. The institution will employ the actual numbers of the applicant's shipping address, and telephone number, to wire the person money. The institution will be able to create a fraud proof credit card with the use of numbers only. The institution will enter the applicant's shipping address and telephone number into the Address Billing Computer Database (A.B.C.) database. The billing system bills, the actual numbers and letters of the applicant's shipping address. And it bills the actual numbers of the applicant's telephone number, the address and telephone number will detect fraud when used online, on the telephone and in the mail. The merchant will match the phone number against a caller ID system. The applicant will buy goods and pay for services using all of these numbers. The institution will turn the applicant's shipping numbers into two separate billing elements, after the address numbers are entered into the (A.B.C.) database. The institution will then enter the applicant's apartment letter, by translating the letter into a number; such as, if the

applicant lives in Apartment E the institution will translate the letter into the number 5 for the fifth letter of the alphabet.

The institution will also enter the date the account was established. The system will bill this date, 1982 when this date is used online, the merchant can see how long the consumer has done business with the institution. The institution will also enter the date the account will expire. The system also bills this date, 02/09 all of the billing numbers are manually entered into the (A.B.C.) database. A first computer database is used to manage the credit card numbers, this computer database system includes additional software processes The person's name is then entered into the systems database. The computer will forward credit card data to The Members Group (TMG) an Address Billing System credit card is then issued. The institution will then put the numbers on the card using a Card Embosser. When the applicant receives the card, it can be activated by phone, just like today's credit cards.

Operation

The manner of using the Address Billing System is very simple and informative. If the first digits from the system are address billing numbers are, 2020 1234 10. After I give giving the systems complete number, numbers, and the merchant asks me for my mailing a shipping address I then tell him or her that my mailing The consumer replies, my shipping address is: 2020 1234 10th Avenue. The merchant will then match the address with the and verify the Address Billing System's numbers, to see by matching them to the consumer's shipping address to determine if they are a perfect match. If they were told them, for instance, my the address is 5050 19th 1234 11th Avenue, they would know immediately know that this is fraud. transaction was fraudulent and will not bill the account.

If a ~~person~~ consumer lives in a multi-unit apartment building, it will work the same way. If ~~a person's~~ the consumer's address is ~~4010~~ 1234 Oakdale Drive Apartment #16: the ~~first 6 digits~~ billing numbers will look like this, ~~4010~~ 1234 16. If ~~a person~~ the consumer lives in a building with letters only, let's say the letter E is on the door. The billing numbers would look like this, ~~4010~~ 5. 1234 E. The ~~E~~ merchant will translate the E into the number five 1234 5. for the fifth letter of the alphabet. If ~~a person~~ the consumer is ~~buying~~ purchasing a product with a mail order form, when the form is received by the merchant he or she ~~can~~ will clearly see, and determine if it is ~~fraud~~. My fraudulent: The address and ~~system~~ billing numbers will be exactly the same.

The system also ~~uses a person's~~ employs the consumer's telephone number for its billing numbers. This system will stop fraud on all non-tangible purchases. Such as newspaper ads and internet services, and this number ~~can also~~ will be used to ship packages worldwide. The merchant will use a caller ID system to detect fraud. If the ~~person's telephone number doesn't match the systems numbers,~~ the merchant will know it is fraud. Banks ~~will also have the option of using a valued customer date. This date, 1982 will show the merchant how long a person has done business with a particular bank. The merchant will know the systems database was issued and created in the year of 1982. The billing systems numbers can be used in many different variations, banks can create systems for internet use only, such as, 09/06 1982.2201 E 94606. The first digits on the system, 09/06 is the systems expiration date, this date is how you would identify it as a internet system only. Banks can also issue cell phone credit cards, such as, 751 0000[7][6][8][6] the last four digits on the card will not be printed on the card, they will work as a pin number. If the card and phone were lost or stolen the card would be useless. This card can pay for all non tangible item, and it can ship packages worldwide. The card~~

~~can also be set up to be used in department stores, etc. After a purchase is made, the establishment will give the customer a telephone number and a transaction code. The customer will call the number and enter the last four digits of the card number and a code, then hang up, the transaction is complete. If the card is ever lost, the owner can be called, by using the cards numbers 751 0000. This same system could work on line. As previously mentioned banks can issue internet systems, consumer is placing an order over the telephone, the merchant will ask the consumer for their telephone billing numbers. The merchant will then perform a one step process, and match each telephone billing number with the numbers on the caller ID. If one billing number does not match the numbers on the caller ID, the merchant will know it is fraud and will not bill the account.~~

Banks will also have the option of using a valued customer's date for billing numbers. The bank will bill the date the account was established. By doing so, the merchant can determine if the account is a result of identity theft. Such as, if the consumer is purchasing an item online, and the valued customer's date is 1982, the merchant will not need to set a buying limit on this customer. This date will give the merchant the power to sell huge ticket items, safely. If the seller is running a fine art gallery that sells original oil paintings, this date will allow the seller to sell paintings that run in the multi-millions. The purchaser would use an internet debit card, for direct shipping only, 09/06 1982.2201 E 94606 this system is for direct shipping only. 02/09 1982 2201 E 94606. The 02/09 is the cards expiration date, when the merchant sees this date the merchant will know the account will expire February 2009. The 1982 is the valued customer's date; and, 2201 E 94606 are the cards direct shipping numbers. A card for shipping worldwide would look like this, A second system could look like this, 09/06 1982.58275 [3][7][3][9]. 02/09 1982 58275 [3][7][3][9]. Even the issuing bank cannot commit fraud against it. The, 58275 are the last 5 digits of the consumer's telephone number, the 3739. These numbers are used just like an ATM pin number, but

they are not pin numbers, they are credit card numbers that are not printed on the card. The numbers are not printed on the card to prevent a family member from using the card. This system is for web sites that offer photo galleries, and other non-tangible services, and worldwide shipping. After the system is used ~~the~~ by putting the complete card number on the web page, the web site. will send the consumer an e-mail with an 800 number. ~~and a transaction code.~~ The ~~person consumer~~ will call the 800 number from the phone that is registered to the billing system. They will then be connected with an automated service with a caller ID system. ~~The billing numbers 58275, are the~~

~~last 5 digits of a person's telephone number. The consumer will then be prompted to enter the last four digits of the systems numbers, and the transaction code and hang up, the transaction is complete. This same process could ship packages worldwide. And for people who do not carry a cell phone, The transaction is complete. The merchant will employ a telephone with a printer, the phone will then print out the consumer's name and telephone billing numbers. The merchant will then complete the transaction with the information on the web site. The merchant now has the complete card number, and authorization to bill this account. And this same fraud proof system will be used to ship packages worldwide.~~

Banks can also issue world travel cards, which will look like this, ~~such as~~ 2201 10th 58275 [3][5][6][9]. This card is used when ~~for a person, the consumer~~ travels, places orders over the telephone, ~~or placing~~ and mail orders. The 2201 10th, ~~is~~ are the ~~person's~~ direct shipping numbers, this address will act as a locking system if the card numbers are stolen. The card will become a direct shipper only. The 58275 are the last 5 digits of the cardholder's consumer's telephone number. This is for non-tangible services, ~~such as newspaper ads etc. This number can also ship packages worldwide.~~ and shipping packages worldwide. The last digits 3569 are not printed on the card. These numbers are used just like an ATM pin number, but they are not pin numbers, they are credit card numbers that are not printed on the card. The bank will leave these 4 numbers off the card and not record the numbers on the magnetic strip on the back of the card. If the consumer is in a department store etc, buying goods, the ~~first three last 4 digits of the pin number will be required at this time, the last number is used at all cash machines. The card holder will use all four digits at this time. If this card holder will use all four digits at this time.~~ are required at this time. If this card was ever lost or stolen it would be useless. This card does not operate on any special technology, you simply need to key in the last 4 digits of the card number in order to use the card in public. If the cardholder uses the card on a mail order form, or the telephone, the only numbers needed are 2201 10th 58275.

ABSTRACT OF THE DISCLOSURE

A anti-fraud credit card billing system and method for detecting fraud when used online or in the mail. A billing system that is of the utmost simplicity, ease of use. A credit card billing system that uses a person's mailing address and which bills the actual numbers of a consumer's shipping address, and bills the actual numbers of a consumer's telephone number. for its numbers, And uses A system which uses a value valued customer date for its numbers and account expiration date for its billing numbers. A billing system which uses all of these unique numbers to wire a consumer money, all to prevent misuse of the credit card billing systems numbers.

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